

Butzlaff, Kathy - PSC

From: Ignatowski, Timothy [Timothy.Ignatowski@milwaukee.gov]
Sent: Monday, October 19, 2009 10:32 AM
To: Butzlaff, Kathy PSC
Subject: RE: Expense Questions for rate case
Attachments: KB_Chemicals_Dan W.xls; KB_Labor_673 & 675.xls; KB_City IRI.xls; KB_PSC 923.xls; KB_Pension Letter.pdf; KB_Pension Allocation.pdf; KB_PSC 926.xls; KB_Prop Tax Equiv.pdf; KB_Milwaukee Questions 2010 TY.doc

Note attachments (the painting of tanks information is still pending - I should have it by Friday). Any follow up questions, let me know.

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From: Butzlaff, Kathy PSC [mailto:Kathy.Butzlaff@psc.state.wi.us]
Sent: Wed 10/14/2009 11:05 AM
To: Ignatowski, Timothy
Subject: Expense Questions for rate case

Tim,

I have attached my rate case questions on expenses. To keep the case moving, I would like answers in one week, by 10/21/09. If you need more time, please keep me updated.

Thanks, Kathy

Milwaukee Water Utility
3720-WR-107
Questions Regarding Rate Increase - Expenses

1. Regarding Account 623, the utility forecast 5% increases for both 2009 and 2010. The August 2009 YTD expenses are actually 0.8% lower than the August 2008 YTD expenses. This is at least partly due to the declining water sales and declining volume of water pumped. Given this more recent information, do you have updated estimates for Account 623 expenses in 2009 and 2010?

Answer – Upon further review, the 5% does seem a little too high. An updated estimate would be 3% for both 2009 and 2010. I used 3% for most expenses.

2. Regarding Account 641, Chemicals, on Attachment 18, you estimated fairly significant cost increases in chemicals for both 2009 and 2010. So far this year, the August 2009 YTD expenses annualize to an amount very close to the estimate. Another 25% increase is estimated for 2010. Do you have a worksheet or any other detail to support another increase in this account?

Answer – Yes. This estimate was done by one of our Water Plant managers (Dan Welk). Note attached file “KB_Chemicals_Dan W”.

3. For Account 672, please complete the water tower/reservoir painting chart I sent to you on 10/5/2009.

Answer - Note attached file “KB_Painting”.

4. Regarding Accounts 673 and 675, I have several questions:

- a. Could you provide the amount of labor in each of these accounts (as of the August T/B)? **Answer – Note attached file “KB_Labor 673 & 675”.**
- b. Account 673 YTD is actually running 6% less than 2008 YTD and seems much lower than the estimate for 2009; can you comment on this? **Answer – There has been less main break repair work this year compared to last year. However, the key to this expense is the pavement cut billings from DPW-Infrastructure. We usually get these bills from Sept – Dec for the current year. Last year, we got billed 3.4 million for pavement cuts.**
- c. Account 675 YTD is running just 8% higher than 2008 YTD and seems somewhat higher than the estimate for 2009; can you comment on this? **Answer – There has been more service repair work this year compared to last year. However, the key to this expense is the pavement cut billings from DPW-Infrastructure. Note above.**

d. The Attachment 18 notes mention pavement cuts and motor vehicle charge increases. Please provide additional detail on this. **Answer - Note file “KB_City IRI”.**

5. In 2008, the utility began shifting some of the Account 903 costs to Account 906. To excerpt from the USOA, the Customer Service expenses in this account should be for encouraging “safe and efficient use of” water, encouraging “conservation of” water, and “answering specific inquiries as to the proper and economic use of” water. What expenses have been recorded in Account 906? Given this description, are these activities promoting conservation and efficient use? If not, the expenses should likely remain in Account 903.

Answer – Upon further review, I thought this account was for all customer service expenses. I will move the customer service representative expenses back to PSC 903 for 2009 reporting. We will record only conservation activities in 906.

6. As the rate case is progressing, does the utility wish to budget and estimate any expenses in Account 906 related to water conservation such as studies and/or planning, or actual conservation programs?

Answer – Not at this time.

7. Regarding Account 923, on Attachment 18, you noted the 2008 expense has increased in part due to the water utility starting to pay \$321,000 in sewer charges. So far this year, the August 2009 YTD expenses of \$353,078 are actually 153% higher than the August 2008 YTD expenses of \$139,537.

a. Is this due to routine expenses that occur during the year being higher? **Answer – No. It is because the \$321,000 (all of 2008) was recorded in Dec of 2008. For 2009, we are recording this on a quarterly basis. Note below.**

b. Are the sewer charges recorded on a quarterly basis? If so, how much is included in the \$353,078. **Answer – Yes. First quarter \$108,347. Second quarter \$113,541.**

c. Please provide some detail on what these sewer charges are for and why they were not charged to the water utility in the past. **Answer - They are for sewer treatment (MMSD), city sewers (sanitary and storm), and snow/ice charges (plowing and salting). They were not charged to us previously because it was an oversight. We should have been paying like all the other city departments.**

d. What expenses are recorded as year-end entries and what are they estimated to be for 2009? **Answer - Note file “KB_PSC 923”.**

8. Regarding Account 926, this is estimated to increase only 3% in 2009 but 22% in 2010. The 22% appears to be a 3% increase in existing expenses plus a new \$1,100,000 payment to the City pension fund.

- a. Regarding the GASB 45 entry that began in 2007, what balance sheet account is the accrual recorded in? **Answer - PSC 242 (Other Liabilities) – FMIS #244101.**
- b. Regarding the 2010 payment to the City pension fund, please provide additional detail on this. **Answer - Note files “KB_Pension Letter and KB_Pension Allocation” (both files in pdf format).**
- c. Do you have a breakdown of this Account for 2007 – estimated 2010 that lists the various expenses charged to this account? **Answer - Note file “KB_PSC 926”.**

9. Regarding the Property Tax Equivalent, I have 2 questions:

- a. It might be a little early to have even a draft of the tax rates and assessment ratio for this year, but how did you forecast the increases in Attachment 9 Mill Rates? (I note that the overall increases are 6% for both 2009 and 2010.)
 - b. In particular, how did you forecast the increases in Attachment 9 School Tax Rate Mill Rates? (I note that the overall increases are 9% for both 2009 and 2010.)
- Answer to a and b - Note file “KB_Prop Tax Equiv” (pdf). The City of Milwaukee Comptroller’s Office projects the tax rates and assessment ratio. I project the rate base.**

Tim Ignatowski – Milwaukee Water Works
10/19/09

w:\water\butzlk\Milwaukee Questions 2010 TY

**Summary of Chemical Costs Comparison
Linnwood Water Plant
as of 7/21/2009**

This is a summary of the impact to annual costs for all major water treatment chemicals

Chemical	MWW Contract Dates	Linnwood 2008 Quantity, pounds	MWW Cost per pound as of,			Linnwood Annual Cost			2008 - 7/09 Percent Difference	2010 Estimated Increase 20%
			1/1/2008	1/10/2009	7/1/2009	2008	1/2009, Est.	7/2009 Est.		
Alum	6/22/09-6/21/12	2,994,318	\$ 0.0680	\$ 0.1490	\$ 0.2145	\$ 203,613.61	\$ 446,153.35	\$ 642,281.17	215%	\$ 770,737.40
Ammonia	7/9/08-7/8/11	71,151	\$ 0.3900	\$ 0.5650	\$ 0.5650	\$ 27,748.89	\$ 40,200.32	\$ 40,200.32	45%	\$ 48,240.38
Calcium Thiosulfate	4/2/08-4/1/11	374,113	\$ 0.3100	\$ 0.5500	\$ 0.6050	\$ 115,975.18	\$ 205,762.41	\$ 226,338.65	95%	\$ 271,606.38
Hydrofluorosilicic Acid	5/1/09-4/30/10	782,539	\$ 0.0902	\$ 0.2960	\$ 0.3256	\$ 70,585.00	\$ 231,631.48	\$ 254,794.63	261%	\$ 305,753.56
Liquid Oxygen	5/1/07-4/30/10	2,497,259	\$ 0.0420	\$ 0.0420	\$ 0.0420	\$ 104,884.86	\$ 104,884.86	\$ 104,884.86	0%	\$ 125,861.83
Phosphoric Acid	1/10/09-1/9/12	627,966	\$ 0.3290	\$ 0.9660	\$ 0.9660	\$ 206,600.81	\$ 606,615.16	\$ 606,615.16	194%	\$ 727,938.19
Sodium Hypochlorite	1/17/09-12/16/11	3,672,238	\$ 0.0533	\$ 0.1049	\$ 0.1049	\$ 195,903.43	\$ 385,052.85	\$ 385,052.85	97%	\$ 462,063.42
Linnwood Total						\$ 925,311.77	\$ 2,020,300.42	\$ 2,260,167.63	144%	\$ 2,712,201.15
Howard Estimated Total (percent of Linnwood Total) → 60%						\$ 555,187.06	\$ 1,212,180.25	\$ 1,356,100.58	144%	\$ 1,627,320.69
MWW Total (Linnwood & Howard Est.)						\$ 1,480,498.84	\$ 3,232,480.67	\$ 3,616,268.20	144%	\$ 4,339,521.84

NOTES: as of 7/21/09

Calcium Thiosulfate and Hydrofluorosilicic Acid contracts have already reached the maximum contract escalator increase of 10% of the original bid price
Hydrofluorosilicic acid contracts include 1-year renewals that may have to go out to bid if renewal cost exceed 10% of contract

CHEMICAL	TOTAL Pounds	January 2008 \$/#	January 2009
Alum	2,994,318	0.068	0.149
Ammonia	71,151	0.39	0.565
Captor	374,113	0.31	0.55
Fluosilicic Acid	782,539	0.0902	0.296
as fluoride	142,367		
LOX	2,497,259	0.042	0.042
Phosphoric Acid	627,966	0.329	0.966
Polymer, Cationic	2,307	0.89	0.89
Polyphosphate	3,619	3.02	3.02
Sodium Hypochlorite	3,672,238	0.053347153	0.104855099
as chlorine	440,669		

MILWAUKEE WATER WORKS
CITY DEPARTMENTS CHARGES
(Interdepartmental Requisition and Invoice - IRI & AP)
WORKSHEET - 2008

	PSC 923		2009
	ADMIN		
	<u>2008</u>	<u>Frequency</u>	<u>Estimate</u>
ATTORNEY - Legal Services	72,296	Quarterly	100,000
COMPTROLLER - Administration Charges	92,233	Year End	97,000
DOA-BOD - Administration Charges (Purchasing)	88,241	Year End	95,000
DOA-Budget - Environmental Director Admin Charges	40,062	Quarterly	42,000
DOA-ITMD - Systems Support Admin Charges	11,978	Quarterly	13,000
DPW-ADMIN - Contract Administration Charges	192,793	Year End	195,000
EMPLOYEE RELATIONS - Administration Charges	174,022	Year End	200,000
INFRASTRUCTURE - Admininstration Charges	178,208	Year End	185,000
TREASURER - Teller Service Administration Charges	12,897	Year End	14,000
Totals	862,730		941,000

2007 FRINGE BENEFITS CHARGED TO EXPENSE ACCOUNTS

(FRINGE BENEFITS TAKEN FROM THE MONTHLY REPORT OF PSC EXPENSES)

<u>PSC Acct No.</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total Gross Fringe</u>	
623	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
624	9,788.24	8,907.36	8,634.62	10,793.92	10,496.57	12,919.40	8,707.54	8,841.49	9,693.90	10,144.49	14,790.41	1,600.16	115,318.10	
626	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
640	13,626.32	14,157.88	14,929.48	12,699.78	14,850.70	21,258.16	13,747.33	14,604.62	10,457.59	14,928.69	21,077.01	114.37	166,451.93	
641	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
642	94,031.58	99,379.73	99,451.73	95,808.85	95,358.70	137,194.83	85,278.68	89,122.04	92,796.28	94,488.69	137,742.70	13,726.92	1,134,380.73	
643	8,463.25	6,787.22	6,923.42	8,246.77	11,745.15	6,561.33	4,715.50	6,373.15	6,281.59	5,525.09	8,828.64	(36,432.78)	44,018.33	
660	28,742.67	30,628.81	32,897.11	29,143.76	32,335.03	45,372.71	25,104.14	27,333.96	29,605.79	33,332.60	42,406.52	1,190.70	358,093.80	
662	24,672.80	16,165.17	15,308.53	17,125.17	20,876.38	19,112.58	15,024.32	13,590.95	16,751.65	17,901.33	24,023.71	5,526.37	206,078.96	
663	17,560.90	20,900.88	20,565.48	20,456.19	22,168.68	30,727.76	19,424.06	19,589.54	19,886.85	21,503.73	28,934.18	(7,088.66)	234,629.59	
665	12,703.06	14,205.07	12,767.13	12,004.33	13,026.99	18,069.35	13,387.21	11,972.90	12,288.52	16,041.38	18,711.58	(106.69)	155,070.83	
901	4,907.91	5,445.69	4,703.52	4,541.46	5,358.40	7,531.25	4,807.95	5,082.79	5,481.38	5,668.99	7,398.42	488.66	61,416.42	
902	10,203.97	11,314.97	11,266.98	10,193.77	11,709.73	17,759.92	10,300.97	10,719.13	10,351.21	11,152.39	19,041.34	1,570.16	135,584.54	
903	15,815.94	17,458.90	17,211.79	18,649.95	21,448.91	28,777.43	18,580.62	19,286.39	16,888.88	18,708.27	29,918.20	29,513.78	252,259.06	
920	69,355.87	81,354.21	80,983.70	72,904.18	70,739.71	105,586.38	63,908.83	73,704.25	69,501.69	77,201.24	110,727.45	1,565.27	892,439.39	
921	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
923	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
924	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
925	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
926	0.00	453.95	907.90	0.00	453.95	453.95	453.95	402.34	453.95	453.95	453.95	907.90	5,395.79	EE Pension Exp. - OK
928	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
930	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
931	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
630	5,276.34	6,735.73	6,949.31	5,836.70	5,865.34	9,203.26	5,287.56	6,340.06	5,549.84	5,328.75	8,562.23	4,960.20	75,895.32	
631	3,060.47	1,011.41	1,325.95	2,377.46	1,980.98	1,635.75	1,430.17	1,488.29	1,468.64	1,046.48	1,744.71	1,287.53	19,857.84	
633	9,175.28	8,108.26	8,733.06	7,959.54	7,962.65	13,843.01	12,267.97	10,022.43	8,158.05	8,850.75	12,368.33	7,522.08	114,971.41	
650	5,276.30	6,735.73	6,936.39	5,802.49	5,865.34	9,203.24	5,256.03	6,340.06	5,549.81	5,468.88	8,547.90	5,024.84	76,007.01	
651	8,976.79	12,174.69	10,776.49	9,395.66	7,255.17	7,927.38	7,190.54	7,489.67	9,918.93	11,560.46	13,566.62	10,434.45	116,666.85	
652	40,004.29	41,854.01	42,121.79	36,608.44	37,205.59	52,518.63	30,682.96	34,936.63	34,804.43	37,403.54	59,654.07	12,243.10	460,037.48	
672	438.57	81.07	53.00	86.88	2,599.90	4,142.60	410.56	59.79	537.57	454.28	454.28	809.78	10,128.28	
673	42,528.17	108,540.19	78,311.01	36,318.75	40,945.51	60,350.52	44,770.04	37,258.56	33,206.74	26,640.12	46,763.33	7,288.39	562,921.33	
675	47,808.97	68,803.63	60,452.40	52,468.81	68,101.16	84,121.33	56,337.65	58,873.52	54,932.52	56,088.75	82,060.02	207.30	690,256.06	
676	10,092.88	10,748.25	10,137.66	9,984.60	10,519.80	13,510.49	9,216.11	9,410.49	8,954.53	8,707.11	12,404.05	8,404.99	122,090.96	
677	15,752.45	14,890.97	15,329.04	13,748.52	13,238.15	27,258.64	15,266.82	16,029.35	14,416.13	12,002.41	14,218.22	(242.91)	171,907.79	
678	1,687.89	2,149.27	1,880.33	1,575.43	1,409.89	2,410.76	1,179.23	1,011.80	4,227.89	2,963.13	3,205.50	3,848.76	27,549.88	
932	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
416	2,479.12	1,796.25	3,788.06	1,822.85	3,994.70	3,975.89	3,708.05	4,025.21	2,932.98	3,218.90	6,033.44	3,869.98	41,645.43	
426	143.10	0.00	0.00	0.00	63.55	3,672.58	586.94	320.40	515.07	239.65	211.99	35.04	5,788.32	
	502,573.13	610,789.30	573,345.88	496,554.26	537,576.63	745,099.13	477,031.73	494,229.81	485,612.41	507,024.05	733,848.80	78,269.69	6,256,861.43	

2007 Fringe Breakdown: (Actual Expenditures from Linda Radmer)

Group Life Insurance	0.98	
Health Insurance	31.69	
Dental Insurance	1.03	
Unemployment Compensation	0.28	
Pension Annuity	7.36	
Sub- total	41.34	0.781
FICA/Medicare	9.89	0.187

Total should equal Account # 618001 in 0410

6,256,861.43

PSC 408 - FICA / MEDICARE	1,169,539.96
PSC 925 - INJURIES AND DAMAGES	198,668.06
PSC 926 - EMPLOYEE BENEFITS	4,888,653.40
	<u><u>6,256,861.43</u></u>

Worker's Compensation	1.68	0.032
Total	52.91	100%

FRINGE REALLOCATION ADJUSTMENT -

	Credit	Debit
	<u>Fringe Reallocation</u>	<u>PSC 408,925,926</u>
408		1,169,539.96
623	0.00	
624	115,318.10	
626	0.00	
640	166,451.93	
641	0.00	
642	1,134,380.73	
643	44,018.33	
660	358,093.80	
662	206,078.96	
663	234,629.59	
665	155,070.83	
901	61,416.42	
902	135,584.54	
903	252,259.06	
920	892,439.39	
921	0.00	
923	0.00	
924	0.00	
925		198,668.06
926	5,395.79 CR - ok	4,888,653.40
928	0.00	
930	0.00	
931	0.00	
630	75,895.32	
631	19,857.84	
633	114,971.41	
650	76,007.01	
651	116,666.85	
652	460,037.48	
672	10,128.28	
673	562,921.33	
675	690,256.06	
676	122,090.96	
677	171,907.79	
678	27,549.88	
932	0.00	
416	41,645.43	
426	5,788.32	
	<u>6,256,861.43</u>	<u>6,256,861.43</u>

	<u>2007 - Actual</u>	<u>2008 - Actual</u>	<u>2009 Estimate</u>	<u>2010 Estimate</u>
Fringe Reallo	4,883,257.61	4,816,130.54	5,000,000.00	5,200,000.00
GASB 45	790,290.00	790,290.00	790,290.00	790,290.00
Tuition Reimb	64,025.32	23,423.25	50,000.00	50,000.00
Misc EE Pension	5,395.00	5,395.00	5,395.00	5,395.00
Pension Contrib	0.00	0.00	0.00	1,018,451.00
Total	5,742,967.93	5,635,238.79	5,845,685.00	7,064,136.00
				Estimated
Fringe Rate	52.18%	52.91%	55.06%	57.00%

Fund	Account	Program	Sum Amount	Year	Period
0410	600101 = Direct Labor	5341	113,680.07	2009	1
0410	600101	5341	172,902.87	2009	2
0410	600101	5341	100,899.76	2009	3
0410	600101	5341	56,060.64	2009	4
0410	600101	5341	84,739.39	2009	5
0410	600101	5341	58,113.85	2009	6
0410	600101	5341	52,501.49	2009	7
0410	600101	5341	50,782.03	2009	8
0410	600101	5341	46,954.18	2009	9
0410	602701 = Indirect Labor	5341	31,637.18	2009	1
0410	602701	5341	48,118.89	2009	2
0410	602701	5341	28,080.42	2009	3
0410	602701	5341	15,601.66	2009	4
0410	602701	5341	23,583.00	2009	5
0410	602701	5341	16,173.09	2009	6
0410	602701	5341	14,611.17	2009	7
0410	602701	5341	14,132.65	2009	8
0410	602701	5341	13,067.34	2009	9
0410	600101	5342	13,045.43	2009	1
0410	600101	5342	20,347.36	2009	2
0410	600101	5342	6,932.38	2009	3
0410	600101	5342	7,376.85	2009	4
0410	600101	5342	2,663.85	2009	5
0410	600101	5342	5,288.75	2009	6
0410	600101	5342	4,319.97	2009	7
0410	600101	5342	8,075.73	2009	8
0410	600101	5342	6,281.53	2009	9
0410	602701	5342	3,630.54	2009	1
0410	602701	5342	5,662.66	2009	2
0410	602701	5342	1,929.28	2009	3
0410	602701	5342	2,052.98	2009	4
0410	602701	5342	741.35	2009	5
0410	602701	5342	1,471.86	2009	6
0410	602701	5342	1,202.25	2009	7
0410	602701	5342	2,247.47	2009	8
0410	602701	5342	1,748.15	2009	9
0410	600101	5345	12,439.18	2009	1
0410	600101	5345	4,305.50	2009	2
0410	600101	5345	11,250.67	2009	3
0410	600101	5345	5,659.06	2009	4
0410	600101	5345	15,311.93	2009	5
0410	600101	5345	9,380.86	2009	6

0410	600101	5345	9,501.68	2009	7
0410	600101	5345	8,904.99	2009	8
0410	600101	5345	6,782.54	2009	9
0410	602701	5345	3,461.83	2009	1
0410	602701	5345	1,198.23	2009	2
0410	602701	5345	3,131.07	2009	3
0410	602701	5345	1,574.92	2009	4
0410	602701	5345	4,261.31	2009	5
0410	602701	5345	2,610.69	2009	6
0410	602701	5345	2,644.32	2009	7
0410	602701	5345	2,478.26	2009	8
0410	602701	5345	1,887.58	2009	9
0410	600101	5347	1,808.08	2009	1
0410	600101	5347	1,044.20	2009	2
0410	600101	5347	535.53	2009	5
0410	600101	5347	1,978.39	2009	6
0410	600101	5347	1,201.85	2009	8
0410	600101	5347	1,403.59	2009	9
0410	602701	5347	503.19	2009	1
0410	602701	5347	290.60	2009	2
0410	602701	5347	149.04	2009	5
0410	602701	5347	550.58	2009	6
0410	602701	5347	334.48	2009	8
0410	602701	5347	390.62	2009	9
0410	600101	5428	2,839.49	2009	1
0410	600101	5428	2,868.93	2009	2
0410	600101	5428	1,520.71	2009	3
0410	600101	5428	2,099.45	2009	4
0410	600101	5428	5,084.56	2009	5
0410	600101	5428	1,653.27	2009	6
0410	600101	5428	1,434.91	2009	7
0410	600101	5428	915.55	2009	8
0410	600101	5428	2,002.85	2009	9
0410	602701	5428	790.23	2009	1
0410	602701	5428	798.42	2009	2
0410	602701	5428	423.21	2009	3
0410	602701	5428	584.28	2009	4
0410	602701	5428	1,415.03	2009	5
0410	602701	5428	460.10	2009	6
0410	602701	5428	399.33	2009	7
0410	602701	5428	254.80	2009	8
0410	602701	5428	557.39	2009	9

PSC 673 Labor

1,179,735.35

0410	600101	5351	164.60	2009	1
0410	600101	5351	3,801.34	2009	3
0410	600101	5351	13,306.03	2009	4
0410	600101	5351	11,065.97	2009	5
0410	600101	5351	478.90	2009	7
0410	600101	5351	9,675.40	2009	8
0410	600101	5351	26,577.72	2009	9
0410	602701	5351	45.81	2009	1
0410	602701	5351	1,057.91	2009	3
0410	602701	5351	3,703.07	2009	4
0410	602701	5351	3,079.65	2009	5
0410	602701	5351	133.28	2009	7
0410	602701	5351	2,692.66	2009	8
0410	602701	5351	7,396.58	2009	9
0410	600101	5355	74,696.54	2009	1
0410	600101	5355	75,364.36	2009	2
0410	600101	5355	59,357.34	2009	3
0410	600101	5355	63,070.88	2009	4
0410	600101	5355	92,669.97	2009	5
0410	600101	5355	71,301.18	2009	6
0410	600101	5355	55,597.64	2009	7
0410	600101	5355	60,870.21	2009	8
0410	600101	5355	42,268.86	2009	9
0410	602701	5355	20,788.05	2009	1
0410	602701	5355	20,973.90	2009	2
0410	602701	5355	16,519.16	2009	3
0410	602701	5355	17,552.63	2009	4
0410	602701	5355	25,790.04	2009	5
0410	602701	5355	19,843.12	2009	6
0410	602701	5355	15,472.83	2009	7
0410	602701	5355	16,940.17	2009	8
0410	602701	5355	11,763.43	2009	9
0410	600101	5357	61,590.11	2009	1
0410	600101	5357	66,829.76	2009	2
0410	600101	5357	62,942.88	2009	3
0410	600101	5357	56,978.68	2009	4
0410	600101	5357	85,563.16	2009	5
0410	600101	5357	53,715.18	2009	6
0410	600101	5357	49,897.13	2009	7
0410	600101	5357	51,990.92	2009	8
0410	600101	5357	52,654.72	2009	9

0410	602701	5357	17,140.53	2009	1
0410	602701	5357	18,598.72	2009	2
0410	602701	5357	17,517.00	2009	3
0410	602701	5357	15,857.17	2009	4
0410	602701	5357	23,812.23	2009	5
0410	602701	5357	14,948.94	2009	6
0410	602701	5357	13,886.37	2009	7
0410	602701	5357	14,469.07	2009	8
0410	602701	5357	14,653.81	2009	9
	PSC 675 Labor		1,537,065.61		



City of Milwaukee
Employees' Retirement System

Bernard J. Allen
Executive Director

Thomas A. Rick, CFA
Chief Investment Officer

Martin Matson
Deputy Director

October 12, 2009

Carrie Lewis
Superintendent
Milwaukee Water Works,
841 N Broadway – Rm 409
Milwaukee, WI 53202

RE: Additional Actuarial Contributions and Employer Duty Disability Contributions due January 31, 2010

Dear Ms. Lewis:

The Employees' Retirement System (ERS) annually collects from its member agencies certain costs due to the system. The Annuity and Pension Board, at their September 28, 2009 meeting, received and accepted the January 1, 2009 actuarial valuation of the ERS. This report certifies the contributions due from the member agencies as determined in the valuation.

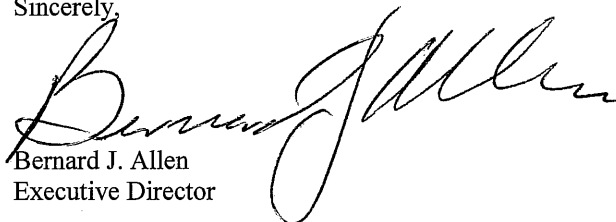
This letter is being sent to inform you that there are amounts due on January 31, 2010 as a result of this valuation.

Actuarial Contributions:	\$1,018,451
Duty Disability Contributions:	

Total Amounts Due:	<u>\$1,018,451</u>
--------------------	--------------------

If you have any questions, please feel free to call Michael Becker of my staff at 286-3502.

Sincerely,



Bernard J. Allen
Executive Director

BJA:mgb
ms

CC: Martin Morics, Comptroller – Comptrollers Office, City of Milwaukee

Enclosures: Actuarial Tables 1a, 1b, 1c



Office of the Comptroller
April 1, 2009

W. Martin Morics, C.P.A.
Comptroller

Michael J. Daun
Deputy Comptroller

John M. Egan, C.P.A.
Special Deputy Comptroller

Craig D. Kammholz
Special Deputy Comptroller

Ref: Financial Advisory Division

Ms. Carrie M. Lewis
Superintendent
Milwaukee Water Works
841 N. Broadway, Room 409
Milwaukee, WI 53202

Attention: Mr. William Gehweiler

Dear Ms. Lewis:

Re: 2010 Budget for Milwaukee Water Works Payment
in Lieu Of Taxes (PILOT)

Attached is the 2010 Milwaukee Water Works budget for the PILOT program. Please note that the reason for the increase in the budget estimate is two-fold. First, the projected tax rate for 2010 is 14% more than projected for the 2009 PILOT and secondly the total taxable property grew by \$32 million.

The actual 2010 PILOT will be based on the actual gross book value as of January 1, 2010 and the actual tax rate in force at that time. Should the Milwaukee Water Works incur any major changes in the subject gross book value during 2009, the department should amend its budget request. Please notify this office of any such changes so that we may recalculate the estimated revenue.

If you have any questions concerning the above, please contact Linda Radmer, of my staff at extension 3104. Thank you for your attention.

Very truly yours,


W. MARTIN MORICS
Comptroller

RECEIVED

APR 8 2009

WMM:LR
Attachment

**SENDER'S OFFICE
Milwaukee Water Works**

Ref: Water PILOT 10-A

Room 404, City Hall, 200 East Wells Street, Milwaukee, Wisconsin 53202 - 3566 Phone: (414) 236-3321, Fax: (414) 236-3281

Milwaukee Water Works
Payment in Lieu of Taxes
Budget Year 2010
(Values Estimated)

Gross Book Value of Plant in Service 01/01/09 (Note 1):	\$560,600,000
Work in Progress	20,000,000
Total Utility Plant	<u>\$580,600,000</u>
Add: Materials & Supplies	\$2,500,000
Sub Total	<u>\$583,100,000</u>
Less: Property Outside Milwaukee	-66,500,000
Net Utility Plant Subject to Tax	<u>\$516,600,000</u>
Multiplied by Assessment Ratio (Note 2)	94.47%
Total Taxable Property	<u>\$488,032,020</u>
Taxable Property Stated in Thousands	\$488,032
Estimated 2010 Budget Tax Rate Per \$1,000 of Value (Note 2):	
Local Tax Rate	\$8.83
MATC Tax Rate	\$2.15
School Tax Rate	\$11.67
Total Calculated Rate	<u>\$22.66</u>
Gross Tax Rate	\$28.70
School Tax Credit	-\$1.61
Net Tax Rate	<u>\$27.09</u>
Ratio of Calculated Rate to Total Rate	78.9575%
Calculated Rate net of School Tax Credit	<u>\$21.389909</u>
Total Estimated 2010 Budget Tax Rate	\$21.389909
Water Pilot 2010 Budget Estimate	<u>\$10,438,960.07</u>
Water Pilot 2010 Budget Estimate rounded	\$10,439,000

(1) Per Tim Ignatowski, 3/25/09

(2) Per L. Radmer, 3/31/09

MILWAUKEE WATER WORKS
CITY DEPARTMENTS CHARGES
(Interdepartmental Requisition and Invoice) - IRI
2008 and 2007

	<u>2008</u>	<u>2007</u>	<u>Increase or (Decrease)</u>
ATTORNEY - Property Insurance	\$57,703	\$54,370	\$3,333
ATTORNEY - Legal Services	72,296	77,587	(5,291)
BLDGS & FLEET - Bldg. Maint/Repairs	864,700	829,057	35,643
BLDGS & FLEET - Rent	1,461,907	1,453,950	7,957
BLDGS & FLEET - Motor Vehicle	950,068	715,733	234,335
COMPTROLLER - Administration Charges	92,233	87,079	5,154
COMPTROLLER - PILOT	8,696,137	7,766,749	929,388
DOA-BOD - Administration Charges (Purchasing)	88,241	58,311	29,930
DOA-Budget - Environmental Director Admin Charges	40,062	70,014	(29,952)
DOA-ITMD - Systems Support Admin Charges	11,978	12,017	(39)
DOA-MPR - Mail and Printing	21,722	25,870	(4,148)
DPW-ADMIN - Telephone	114,230	101,177	13,053
DPW-ADMIN - Contract Administration Charges	192,793	193,350	(557)
DPW-ADMIN - Maintenance of Computer Network	155,000	155,000	0
DPW-ADMIN - Safety/Commissioner Salary, Pool, & Reporter	129,273	99,529	29,744
EMPLOYEE RELATIONS - Administration Charges	174,022	258,012	(83,990)
EMPLOYEE RELATIONS - Training and Other	3,375	10,057	(6,682)
EMPLOYEE RELATIONS - Fringe Benefits (FMIS-410 & 420)	6,837,472	6,797,836	39,636
FORESTRY - Maintenance of Grounds	163,313	67,577	95,736
HEALTH - Water Samples	44,835	43,805	1,030
INFRASTRUCTURE - Administration Charges	178,208	181,476	(3,268)
INFRASTRUCTURE - Repairs and Maintenance	443,497	373,159	70,338
INFRASTRUCTURE - Hotline Charges (WE Engeries)	911,000	878,040	32,960
INFRASTRUCTURE - Pave Cuts and Temp Repairs	3,382,344	2,361,188	1,021,156
INFRASTRUCTURE - Inventory Expenses	706,146	741,136	(34,990)
NEIGHBORHOOD SERVICES - Inspect Firelines/Cross Conn	1,085,411	937,820	147,591
POLICE - Radio Repairs	2,390	2,044	346
SANITATION - Hailing Spoils and Salting	236,371	192,382	43,989
TREASURER - Teller Service Administration Charges	12,897	12,157	740
<hr/>			
Total for Financial Statements	\$27,129,624	\$24,556,484	\$2,573,140
Other: Payroll Certification for Water	17,354,749	17,521,433	(166,684)
Total	<u>\$44,484,373</u>	<u>\$42,077,917</u>	<u>\$2,406,456</u>

Table 1c

**Allocation of Total 2008 Contributions to Employee Groups
Combined Fund
Amount Due January 31, 2010**

Group	Active Members	Covered Compensation	January 31, 2010	
			Total Due	% of Pay
General City	3,570	\$ 176,906,233	\$ 11,922,498	A 6.74%
Water Department	292	15,111,798	1,018,451	B 6.74%
School Board	3,971	110,943,411	7,476,970	C 6.74%
Milwaukee Technical College	3	167,955	11,319	D 6.74%
Sewerage Commission	228	15,838,283	1,067,412	E 6.74%
Veolia	125	7,456,632	502,536	F 6.74%
Wisconsin Center District	96	3,561,485	240,024	G 6.74%
Housing Authority	200	11,733,762	790,790	H 6.74%
Policemen	2,038	129,087,737	24,186,000	I 18.74%
Firemen	900	60,061,502	12,882,000	J 21.45%
TOTAL	11,423	\$ 530,868,798	\$ 60,098,000	* 11.32%

* Total Agrees with the Allocation of
Contributions and Duty Disability Amts.xls
Spreadsheet

MILWAUKEE WATER WORKS
3720-WR-107
Tower & Reservoir Painting Expenses

<u>Facility</u>	<u>Size (gallons)</u>	<u>Last Painted</u>	<u>Cost</u>	<u>(year)</u> <u>Next Painting</u>	<u>(estimated)</u> <u>Next Cost</u>
Florist One	12,000,000	1997	\$ 296,000	2015	\$ 900,000
Florist Two	12,000,000	1995	\$ 4,230,000 (installed)	2015	\$ 900,000
Greenfield	2,000,000	1990	\$ 220,000	2010	\$ 1,300,000
Hawley	2,000,000	2003	\$ 1,047,000	2023	\$ 2,000,000
Lincoln One	6,000,000	1990	\$ 46,500	2012	\$ 1,000,000
Lincoln Two	6,000,000	1990	\$ 46,500	2012	\$ 1,000,000
Menomonee One	6,000,000	1999	\$ 130,000	*	
Menomonee Two	6,000,000	1999	\$ 130,000	*	

* Menomonee Booster Pumping Station has become obsolete. It will be decommissioned in the future.